

Diesel Emissions Reduction Act of 2005 (DERA)

**Heavy Duty Fleets: Retrofitted, Refueled, and Funded
for a Cleaner Ohio**

Panel 4 – Funding Opportunities

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Staci R. Putney McLennan
Clean Air Program Director
Ohio Environmental Council

Diesel Emissions Reduction Act of 2005

- Establish voluntary national and state-level grant and loan programs to promote the reduction of diesel emissions
- \$1 billion over 5 years (\$200 million annually)



- Introduced June 16th
- Amendment to Senate Energy Bill
 - 92-1 yes vote
- Energy Policy Act of 2005
 - Full Authorization
- Appropriations Pending

Broad Coalition of Support

- **Bi-partisan co-sponsors:** (Voinovich (R-OH), Carper (D-DE), Clinton (D-NY), Feinstein (D-CA) Hutchinson (R-TX), Inhofe (R-OK), Isakson (R-GA), and Jeffords (I-VT))
- **Private Sector/Industry:** Associated General Contractors of America, Caterpillar, Corning, Cummins, Diesel Technology Forum, Johnson Matthey
- **Public/Air officials:** Ohio EPA, MORPC, RAPCA, STAPPA/ALAPCO
- **Environmental/Public Health** - Ohio Environmental Council, Clean Air Task Force, Environmental Defense, Union of Concerned Scientists, American Lung Association

Establishes State & Federal Grants & Loans

What types of projects may receive funds?

All sectors – transit, school bus, ports, construction, agricultural, stationary engines

All verified & certified solutions – retrofits, engine replacement, idle reduction (electrification and auxiliary power)

How Are Funds Distributed?

State Program

- 20% allocated to states that apply
- 10% available for matching
 - Incentive for creation of state programs
- State's share determined by combination of number of states that apply/population

National Program

- 70% of funds
- Administered by U.S. EPA

How are Funds Awarded?

State Program

- States have considerable discretion
- Governors may determine portion of funds to be provided as grants or loans

National Program

- Not less than 50% of funds for public fleets
- Competitive bids to maximize health benefits per dollar
 - Ranking criteria include:
 - Nonattainment areas, Class I areas, areas with air toxic pollutant concerns
 - High population density
 - Areas with disproportionate impact from diesel fleet
 - Life of the retrofit technology

Other Provisions in DERA

Evaluation and Reporting

- Every 2 years to Congress

Outreach and Incentives

- Technology transfer
- Develop nonfinancial incentives
- EPA guidance for SIP credit
- International markets

Benefits of DERA

- U.S. EPA estimates the \$1 billion program would leverage an additional \$500 million
 - Net benefit of almost \$20 billion
 - Reduction of about 70,000 tons of particulate matter
 - **13 to 1 benefit-cost ratio**

Other Energy Bill Diesel Language

- **Clean School Bus Program**

- Competitive grant program to school districts and contractors for the replacement or retrofit of certain school buses
 - \$55 million for each of FY 2006 and 2007

- **Diesel Truck Retrofit and Fleet Modernization Program**

- Grant program for state and local agencies
- Eligible trucks must be: used for the transportation of goods, manufactured in model year 1998 or earlier, operate on ULSD
- Grant recipients must pay 50% of the cost of retrofits
 - \$20 million for the program in FY 2006, \$35 million in 2007, and \$45 million for 2008

Other Energy Bill Language cont.

- **Diesel Idling Reduction**

- Program to support deployment of idle reduction and energy conservation technologies for heavy-duty diesel trucks and locomotives
- Funds may be spent for:
 - truck stop electrification
 - auxiliary power units
 - other idle reduction technology
 - technology to improve fuel economy
- At least 50% of the costs of any idle reduction project must be provided from non-federal sources
 - For heavy-duty diesels, \$19.5 million is authorized for FY 2006, \$30 million for 2007 and \$45 million for 2008.
 - For locomotives, \$10 million is authorized for FY 2006, \$15 million for 2007 and \$20 million for 2008.

Transportation Bill - Diesel Language

- **CMAQ Program**

- In applying funds allocated under the nonattainment population metric, states and MPOs are required to **give priority to diesel retrofits**, “other cost-effective emission reduction activities,” and “cost-effective congestion mitigation activities that provide air quality benefits.”

- Advanced truck stop electrification systems
- Purchase of diesel retrofits (including replacement, repowering and rebuilding) for on-road engines and certain non-road engines
- Diesel retrofit outreach and technical assistance

Other Transportation Bill Language

- **Clean Fuels Grant Program**

- Grant funds may be used in ozone or carbon monoxide (not PM) nonattainment or maintenance areas
 - Purchase or lease clean fuel buses
 - To construct or lease vehicle related equipment or facilities to support or accommodate such buses
- CNG, LNG, biodiesel, batteries, alcohol-based fuels, hybrid electric, fuel cells and other low or zero emissions technologies

- **Clean School Bus Program**

- Identical to the Energy Bill, with one exception:
 - Includes ***alternative fuel purchases***

Strategy for Authorization

- **Senators Voinovich, Carper and Clinton assembled stakeholder group in Sept 2005**
 - Bundle all of the Energy & Transportation Bill related diesel programs under DERA authorization = One ask to the Administration for funding
- **Letters of Support to the Administration:**
 - National Governors' Association , National Conference of State Legislatures, National Association of Counties, National League of Cities
 - Industry, Environmental Groups, Air Authorities, Ports, Trade Associations (over 200 signatories)
 - Governors from WA, CA and OR
- **Appropriations Pending**

For More Information on DERA

- **www.theOEC.org**
 - Click on Press Room link
 - Scroll to Diesel Emission Reduction Act
 - Full bill language
 - Backgrounder and Summary of bill
 - Support letters
 - Press releases
- **Contact**
 - Staci R. Putney McLennan
614-487-7506
Staci@theOEC.org